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EU-25

Agricultural Situation

Commission presents draft EU agriculture budget for 2005

2004

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Report Highlights:

The Commission has presented its draft budget for EU agriculture for 2005 which foresees a rise in agriculture expenditure of €3.9 bn, or 8.3%, to €50.7 bn. The increase is mainly due to the introduction of direct payments in the New member States (€1.4 bn) and due to the additional costs of CAP reform, mostly for dairy and rice (€1.3 bn). The strength of the Euro versus the US Dollar also means that an additional €240m have been set aside for increased export subsidy payments.

The Commission proposals will likely be debated at the July Agriculture Council, before going to the European Parliament in October.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2]
[E3]

The European Commission has presented its draft budget for the 2005 year. The total budget projects spending of €109.5 billion (bn), of which €50.7 bn is for agriculture. This compares to a total 2004 budget which is expected to be €99.8 bn in total, of which €46.8 bn was allocated to agriculture.

The two main increases in agricultural spending of €3.9 bn are the costs of the 2003 CAP reform which add €1.3 bn, although Commission officials are reported as saying the bulk of this increase is due to payments to the NMS. The other main increase, €1.4 bn is for the first year of direct payments in the NMS. It should be noted that these are currently only 25% of the level paid in the EU-15, gradually rising to 100% by 2013 (See GAIN Report E34004 for more details).

Preliminary Draft 2005 Budget – Proposed Agricultural Spending

Millions EUR	2004	2005	Change
Cereals	368	395	27
Rice	175	469	294
Arable Direct Aids	17,254	17,403	149
Food Programs	226	223	-3
Sugar/Monetary	1,721	1,815	94
Olive Oil	2,364	2,355	-9
Textile Crops	886	936	50
Fruit and Vegetables	1,617	1,860	243
Wine	1,215	1,259	44
Tobacco	941	952	11
Other	776	737	-39
Direct Aids	-6	1,388	1,394
Total Plant Production	27,537	29,792	2,255
Milk	2,959	3,901	942
Beef and Veal	8,054	8,088	34
Sheepmeat	1,530	1,840	310
Pigmeat/Eggs/Poultry	175	197	22
Total Livestock Production	12,718	14,026	1,308
Audit of ag. Expenditure	-378	-375	3
Policy Strategy	66	66	0
Ancillary	297	321	24
Total Heading 1A	40,240	43,830	3,590
Rural Development	4,803	4,910	107
NMS Transitional Instrument	1,733	1,931	198
Total Heading 1B	6,536	6,841	305
Total Heading 1	46,776	50,671	3,895

Note: The main item in Ancillary is for disease eradication, but also includes emergency animal health measures and fishery production intervention.

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